

Raymund A. Paredes
Commissioner of Higher Education

Texas Higher Education Coordinating Board
2006-2007 Legislative Appropriations Request

Senate Finance Hearing
October 25, 2004

Note: Dr. Paredes may add to or delete from these remarks during actual presentation of testimony

Good morning. I'm Raymund Paredes, Commissioner of Higher Education.

Thank you for the opportunity to discuss the Coordinating Board's Legislative Appropriations Request.

In accordance with the directive from the Legislative Budget Board and Governor's Office, we have submitted a request for the 2006-07 biennium that is 95 percent of the FY 2004 expenditures and FY 2005 budgeted amounts in General Revenue, General Revenue-Dedicated, and Earned Federal Funds.

We've provided three budget summaries and a list of exceptional items as handouts which should be in your notebooks:

The goldenrod page is a summary version of our general revenue request showing a base request of \$647 million in general revenue-related funds. This is comprised of \$633.7 million in general revenue and \$13.3 million in general revenue-dedicated.

The blue page of your handout expands the summary of our General Revenue related request to give more detail on trustee funds that are part of our budget. There you can see our general revenue-related request totals \$646,966,537 in baseline funding and \$1,270,921,797 with exceptional items.

The pink page of your handout is a summary version of our request in terms of All Funds. This includes federal funds and funds received through the loan program. The All Funds request totals \$819,583,401 in baseline funding and \$1,457,728,893 with exceptional items.

The exceptional items are listed on the white page of your handout.

Introductory Remarks

Before I address the specifics of our request, I'd like to make some general comments.

As I noted above, our general revenue request is \$1.2 billion which represents an investment in the future of Texas. Investing in higher education is the best investment we can make. An investment in higher education always pays dividends even in tough budgetary times. Study after study shows that higher levels of education not only provide economic benefits to the state but that the pressures on social services, welfare services, and the criminal justice system are less where people hold higher levels of education.

I have been extremely please in my meetings with executive and legislative leadership that there is a lot of support for higher education. As we work together over the next few years, I hope we at the Coordinating Board can help you make the case for higher education among the people of Texas to give you the backing you need to make the necessary investments.

I. Overview of the Basic Request (refer to blue page)

Since General Revenue-related items are generally of most concern, I will be going over our request primarily using the information on the blue page.

As we examined the funding we received in FY 04-05, we decided not to make the 5 percent an across-the-board reduction. We looked at each of the strategies. To arrive at the final request, we used several guiding principles:

Principle 1. As much as possible, we tried to preserve existing student financial aid funding.

We began by trying to hold at 100 percent all of the financial aid strategies in the budget plus the Advanced Technology Program. These strategies constitute 82 percent of the Coordinating Board's total GR-related funds. As you might imagine, there was no way we could hold them at 100 percent because the reductions in the remaining strategies would be devastating.

We continued to work through the list, and finally drew the line at TEXAS Grants. We held the TEXAS Grant Program strategy at 100 percent -- \$324 million. Although this program constitutes roughly one-half of the Coordinating Board's total General Revenue-related budget, we believe it is important to preserve that total amount in the budget.

Once I finish describing the general principles we used in crafting the request, I will discuss our rationale for the TEXAS Grant and B-on-Time Program base funding in the LAR which splits the \$324 million. It is different from the current appropriation.

Principle 2. We tried to ensure that the CB has the minimal amount of resources necessary to operate.

Holding the \$324 million at 100 percent meant we would need to reduce the remaining strategies by almost 10 percent if we took an across-the-board approach. So we next looked at our operating budget to determine if we could withstand a 10 percent decrease.

As Chairman Farrington indicated in his remarks, the responsibilities placed on the Coordinating Board – and by extension the Coordinating Board staff – increase substantially every legislative session. A significant amount of the work the agency does is not reflected in the trustee funds. While administering those funds is important, much of our Closing the Gaps work is not linked to those programs.

As Chairman Farrington also indicated, we are looking at every possible means of changing the way we do business to create more efficiency. Nonetheless, we are becoming increasingly concerned about the continued ability of the staff to conduct required studies, issue necessary reports, oversee student grant and loan programs, manage the accountability system, gather and maintain higher education data, respond to information requests, and perform the myriad other responsibilities with which we are tasked within the timelines required.

Our general revenue operating budget was reduced by 14 percent in the last appropriation cycle which, quite frankly, has created a situation where the workload has almost overwhelmed the

staff. Another reduction of almost 10 percent would further harm our ability to perform because virtually all reductions will come from salaries – and people are the way we accomplish our work. In fact, any reduction is going to be difficult to absorb. But we have requested 93.5 percent general revenue funding for our agency operations (a 6.5 percent reduction) so that the impact on the remaining trustee funds in our budget can be lessened.

We understand this means we are asking for less of a decrease in our operating budget than we will have to recommend for some trustee funds. These were not easy decisions to make, but we had to make choices that seemed the most workable under the circumstances.

Principle 3. We spread the remaining reductions throughout the remaining trustee funds so that no one program took a greater hit than any other.

Holding the agency operating budget at 93.5 percent meant the remainder had to be spread among the trustee strategies. We distributed that proportionately across all remaining strategies. This equates to a funding level of approximately 90.7 percent for these strategies.

As you look down the list of trustee strategies on the blue page, you will note that the percentage decrease – or sometimes increase – varied for each strategy. While the average funding level is 90.7 percent for these strategies, other variables came into play which affected individual funding. For example:

- The Texas College Work-Study Program (second trustee item on the front of the blue page) shows a 5.9% increase in baseline funding because we transferred \$680,000 from the State Student Incentive Grant Program. SSIG was a federal program that required the state to provide matching funds, but the program has now been eliminated. Rather than eliminating the matching funds, we transferred some of those funds to the Work Study Program and the balance to the Professional Nursing Scholarship Program.
- TEXAS Grant shows an 11.4% decrease in baseline funding while B-On-Time shows a 337% increase because of the way we allocated funding for the two programs which I will discuss in more detail later on in my remarks.
- The Minority Doctoral Incentive Program (6th trustee item on the front of the blue page) shows a 100% decrease because this program is being phased out and has been replaced by the Doctoral Incentive Program.

[To keep from getting bogged down in this: If they ask about another, explain it and then offer to send the committee a summary explanation for each of the strategies that shows a different percentage from -9.3%]

Principle 4. We looked for strategies for which we would not request funding.

We also decided not to recommend funding for several strategies for a variety of reasons. The savings from those strategies enabled us to hold the overall funding level for the trustee funds at 90.7 percent. I mentioned the Minority Doctoral Incentive Program above, but other examples would include:

- The College Readiness Assessment Waivers (\$128,002) – With the implementation of the new Texas Success Initiative we concluded that there was no continuing need for these waivers.

- STARLINK/Virtual College of Texas (\$1,271,114) – This is an example of the kinds of no-win choices we faced in reducing our budget. While we believe this is a worthwhile effort, we do not have statutory authority for the program, and given the state’s other pressing needs we decided to include it in our exceptional items request rather than in baseline funding.
- The African-American Museum Internship (\$87,272) – This is a small program for which we have no statutory authority. Given the state’s other priorities we could not justify including it in the base request, but it has been included in our exceptional items request.
- State Student Incentive Grants – As I mentioned earlier regarding Work Study, this was the matching funds for a federal program that was eliminated. We took those matching funds and put them into Work Study and the professional Nursing Scholarship Program.

II. New Funding in Exceptional Items (refer members to white page)

Principle 5. Request restoration of funding and new funding in exceptional items.

Our LAR also includes a request for exceptional items totaling \$638.1 million.

It was very difficult to prioritize the items. We have a wide variety of programs whose funding is provided by funds trustee to the Coordinating Board. Many of them are equally important. While we have complied with the requirement that exceptional items be ranked 1 to 40, please remember that had we had the opportunity, many of these items would be ranked equally.

Our number 1 exceptional item, as you might expect, involves student financial aid. Discussions are ongoing concerning funding for the TEXAS Grant and B-on-Time Programs. To provide a placeholder exceptional item request, our #1 is an amount that would provide full funding for a combination of the two programs. We labeled it “Student Financial Aid” because no final decisions have been made and we did not want to suggest a specific funding amount for either program at this time. We will continue to talk to all of the interested parties about the best way to provide funding for these two important financial aid programs.

The exceptional items fall into three general categories: (1) to restore funding for all programs to 100 percent, (2) to add funding for existing programs that help close the gaps, and (3) to add funding to new programs or initiatives that are aligned with Closing the Gaps.

(1) Restoration of funding to 100 percent

For the operating strategies, we have grouped them together under one exceptional item (Item Priority #12, “Restore Operating Budget to Base”) rather than requesting a separate exceptional item for each strategy.

Likewise, for *most* of the trustee funds, we have grouped them together under one exceptional item (Item Priority #13, “Restore Trustee Funds to Base”).

However, for 3 trustee strategies – Tuition Equalization Grants (Item Priority #5), Baylor College of Medicine (Item Priority #34), and Centers for Teacher Education (Item Priority #36) – we have listed the restoration of them to 100 percent as separate exceptional items.

(2) Additional Funding for Existing Programs that Help Close the Gaps

The other items listed as separate exceptional items reflect funding requests over and above 100 percent for each strategy.

For example, the request for the Advanced Technology Program to restore the funding to 100 percent is included in item #13 (Restore Trusteed Funds to Base); the amount in item #6 (Advanced Technology Program) would increase total funding for the program. It is in addition to that amount and would raise the total funding for the ATP Program to \$60 million.

Another example is Texas College Work-Study. The request to restore funding to 100 percent is embedded in item #13 (Restore Trusteed Funds to Base) and an additional \$10 million is requested each year in line #3.

(3) New Programs or Initiatives that are Aligned with Closing the Gaps

Several items represent funding for new programs or initiatives. For example, included in the Board's formula recommendations were several initiatives to help achieve the Success Goal of Closing the Gaps – incentives for increasing the number of nursing graduates and increasing graduates at community and technical colleges and universities. We've included them in the exceptional items to ensure their consideration by the Legislature.

In accordance with the Board's formula recommendations we are requesting a separate strategy to fund nursing growth at institutions in all three sectors (item #9) rather than within the dramatic enrollment growth strategies for the general academic institutions and community and technical colleges.

III. Base Funding for TEXAS Grant and B-on-Time

As I mentioned before, we are discussing funding for TEXAS Grants and B-on-Time with many different people. An amount from the tuition set aside is accruing; however, this will provide a fairly modest amount of funding in the next biennium (estimated at \$25 million). The Coordinating Board is using a payment stream from refunding bonds to provide startup funds for the program – approximately \$55 million for this biennium, but we won't have that funding next biennium.

To provide a base level of funding in the appropriations bill to begin discussion, we have divided the TEXAS Grant funding between TEXAS Grant and B-on-Time. Of the \$324 million in base funding, we have left \$287 million in the TEXAS Grant strategy (this is an amount we estimate will cover all renewing students next biennium), the remainder (\$37 million) is now shown in the B-on-Time Strategy coupled with approximately \$10 million in funding generated by the tuition set aside this biennium. We're doing this to provide a starting point for discussion.

However, I want to make the point that we are continuing to have discussions with all interested parties about the best combination of funding for the two programs. We know that it's risky to appear to take any money out of the TEXAS Grant program. We hope that we can all agree on a level of funding for both programs that preserves the viability of both.

IV. Conclusion

That concludes my prepared remarks. We would all be happy to answer your questions.

Texas Higher Education Coordinating Board General Revenue Related Funds - Summary

2004-2005 Biennium vs 2006-2007 Biennium

	Estimated & Budgeted		Baseline Funding Request		Change in Baseline Request		Total Funding Request		Change in Total Request	
	FY 2004	FY 2005	FY 2006	FY 2007			FY 2006	FY 2007		
Operating Budget										
Direct Closing the Gap Strategies	\$ 7,083,876	\$ 7,050,999	\$ 6,607,821	\$ 6,607,821	\$ (919,233)	-6.5%	\$ 9,654,118	\$ 8,114,616	\$ 3,633,859	25.7%
Indirect Administration	3,512,668	3,474,684	3,265,993	3,265,991	(455,368)	-6.5%	3,579,883	3,639,369	231,900	3.3%
Total Operating Budget	10,596,544	10,525,683	9,873,814	9,873,812	(1,374,601)	-6.5%	13,234,001	11,753,985	3,865,759	18.3%
								24,987,986		
Trusteed Budget										
Close the Gaps - Affordability	250,555,499	261,382,025	229,728,259	264,460,633	(17,748,632)	-3.5%	393,810,027	514,175,033	396,047,536	77.4%
Close the Gaps - Research	19,434,300	-	17,609,184	-	(1,825,116)	-9.4%	90,000,000	-	70,565,700	363.1%
Close the Gaps - Health Programs	55,092,697	51,352,390	50,427,397	47,262,382	(8,755,308)	-8.2%	92,655,809	89,458,275	75,668,997	71.1%
Close the Gaps - Quality/Participation	10,470,565	11,470,509	8,865,528	8,865,528	(4,210,018)	-19.2%	33,046,389	32,788,278	43,893,593	200.1%
Total Trusteed Budget	335,553,061	324,204,924	306,630,368	320,588,543	(32,539,074)	-4.9%	609,512,225	636,421,586	586,175,826	88.8%
								1,245,933,811		
Total Budget	\$ 346,149,605	\$ 334,730,607	\$ 316,504,182	\$ 330,462,355	\$ (33,913,675)	-5.0%	\$ 622,746,226	\$ 648,175,571	\$ 590,041,585	86.7%
		680,880,212		646,966,537				1,270,921,797		

Texas Higher Education Coordinating Board
General Revenue Related Funds - Detail

2004-2005 Biennium vs 2006-2007 Biennium

	Estimated & Budgeted		Baseline Funding Request		Change in Baseline Request		Total Funding Request		Change in Total Request	
	FY 2004	FY 2005	FY 2006	FY 2007			FY 2006	FY 2007		
Operating Budget										
Close the Gaps										
Promote Participation and Success	\$ 3,199,519	\$ 3,135,145	\$ 2,960,247	\$ 2,960,247	\$ (414,170)	-6.5%	\$ 3,317,832	\$ 3,297,832	\$ 281,000	4.4%
Close the Gaps in Excellence	1,588,261	1,536,632	1,459,906	1,459,906	(205,081)	-6.6%	3,644,391	2,144,390	2,663,888	85.2%
Administer Research Programs	297,215	278,958	263,660	263,660	(48,853)	-8.5%	360,179	360,179	144,185	25.0%
Close the Gaps in Planning & Information	1,998,881	2,100,264	1,924,008	1,924,008	(251,129)	-6.1%	2,331,716	2,312,215	544,786	13.3%
Indirect Administration	3,512,668	3,474,684	3,265,993	3,265,991	(455,368)	-6.5%	3,579,883	3,639,369	231,900	3.3%
Total Operating Budget	10,596,544	10,525,683	9,873,814	9,873,812	(1,374,601)	-6.5%	13,234,001	11,753,985	3,865,759	18.3%
								24,987,986		
Trusted Budget										
Close the Gaps - Affordability										
Tuition Equalization Grants Program	70,499,779	70,499,496	63,918,334	63,918,333	(13,162,608)	-9.3%	70,499,638	70,499,637	-	0.0%
Texas College Work-Study Program	4,408,605	4,408,587	4,666,881	4,666,881	516,570	5.9%	15,142,780	15,142,780	21,468,368	243.5%
Student Incentive Grants Program	1,429,687	1,429,681	-	-	(2,859,368)	-100.0%	-	-	(2,859,368)	-100.0%
College Readiness Assessment	64,001	64,001	-	-	(128,002)	-100.0%	-	-	(128,002)	-100.0%
License Plate Scholarships	66,000	66,000	62,700	62,700	(6,600)	-5.0%	62,700	62,700	(6,600)	-5.0%
Minority Doctoral Incentive Program	6,348				(6,348)	-100.0%			(6,348)	-100.0%
State Military Tutition Assistance	997,400	997,396	904,289	904,288	(186,219)	-9.3%	997,399	997,397	-	0.0%
Fifth-Year Accounting Students Scholarship	535,000	535,000	858,250	858,250	646,500	60.4%	858,250	858,250	646,500	60.4%
TEXAS Grant	162,032,650	162,024,487	126,140,525	160,872,899	(37,043,713)	-11.4%	126,140,525	160,872,899	(37,043,713)	-11.4%
Teach for Texas Loan Repayment	4,987,000	4,986,980	4,521,443	4,521,443	(931,094)	-9.3%	10,124,385	10,084,383	10,234,788	102.6%
Border Faculty Loan Repay	218,181	218,180	197,813	197,813	(40,735)	-9.3%	218,181	218,180	-	0.0%
TEXAS Grant II	4,842,377	4,842,358	4,390,321	4,390,322	(904,092)	-9.3%	14,842,368	14,842,367	20,000,000	206.5%
OAG Loan Repayment program			-	-	-		75,000	75,000	150,000	
B-on-Time Loan Program		10,816,682	23,631,212	23,631,212	36,445,742	336.9%	31,031,212	41,531,212	61,745,742	570.8%
Student Financial Aid Programs			-	-	-		123,336,154	198,508,794	321,844,948	
Doctoral Incentive Program	468,471	493,177	436,491	436,492	(88,665)	-9.2%	481,435	481,434	1,221	0.1%
Close the Gaps - Research										
Advanced Research Program			-	-	-		30,000,000	-	30,000,000	
Advanced Technology Program	19,434,300		17,609,184	-	(1,825,116)	-9.4%	60,000,000	-	40,565,700	208.7%

Texas Higher Education Coordinating Board
General Revenue Related Funds - Detail

2004-2005 Biennium vs 2006-2007 Biennium

	Estimated & Budgeted		Baseline Funding Request		Change in Baseline Request		Total Funding Request		Change in Total Request	
	FY 2004	FY 2005	FY 2006	FY 2007			FY 2006	FY 2007		
Close the Gaps - Health Programs										
Baylor College of Medicine	35,923,070	35,923,070	32,569,569	32,569,568	(6,707,003)	-9.3%	35,923,071	35,923,069	-	0.0%
Family Practice Residency Program	9,191,761	9,191,724	8,333,672	8,333,672	(1,716,141)	-9.3%	10,532,253	10,532,253	2,681,021	14.6%
Resident Physician Compensation Program			-	-	-		4,035,119	4,035,119	8,070,238	
Preceptorship Programs	498,700	498,698	452,144	452,145	(93,109)	-9.3%	1,000,000	1,000,000	1,002,602	100.5%
Primary Care Residency Programs	2,626,552	2,626,543	2,381,353	2,381,353	(490,389)	-9.3%	3,084,730	3,084,730	916,365	17.4%
Graduate Medical Education	1,914,111	1,914,105	1,735,421	1,735,422	(357,373)	-9.3%	8,000,000	8,000,000	12,171,784	317.9%
Chiropractic Colleges	249,350		-	-	(249,350)	-100.0%	-	-	(249,350)	-100.0%
Joint Admission Medical Program	3,490,900		3,165,017	-	(325,883)	-9.3%	4,000,000	-	509,100	14.6%
Physician's Ed Loan Repayment Program	767,335	767,335	719,546	719,547	(95,577)	-6.2%	767,335	767,335	-	0.0%
Financial Aid for Prof Nursing Students	263,145	263,143	918,565	918,565	1,310,842	249.1%	1,750,002	1,749,998	2,973,712	565.0%
Financial Aid for LVN Students	50,332	50,332	45,633	45,633	(9,398)	-9.3%	50,333	50,331	-	0.0%
Dentist's Education Loan Program	117,441	117,440	106,477	106,477	(21,927)	-9.3%	117,441	117,440	-	0.0%
Nursing Enrollment Growth			-	-	-		11,750,000	11,750,000	23,500,000	
Success Goal for Nursing Graduates			-	-	-		10,000,000	10,000,000	20,000,000	
Graduate Nursing Loan Repayment			-	-	-		700,000	700,000	1,400,000	
Pharmacy Enrollment Growth			-	-	-		945,525	1,748,000	2,693,525	
Close the Gaps - Quality/Participation										
Southern Regional Educational Board			-	-	-		185,000	185,000	370,000	
STARLINK	635,558	635,556	-	-	(1,271,114)	-100.0%	635,558	635,556	-	0.0%
Centers for Teacher Education	3,009,877	3,009,867	2,547,558	2,547,558	(924,628)	-15.4%	3,009,872	3,009,872	-	0.0%
Two-Year Institution Enrollment Growth	4,786,694	5,786,658	4,509,393	4,509,393	(1,554,566)	-14.7%	10,701,861	10,701,860	10,830,369	102.4%
General Academic Enrollment Growth	1,994,800	1,994,792	1,808,577	1,808,577	(372,438)	-9.3%	2,105,204	1,994,796	110,408	2.8%
African American Museum Internship	43,636	43,636			(87,272)	-100.0%	43,636	43,636	-	0.0%
Technology Workforce Development					-		4,217,558	4,217,558	8,435,116	
Two-Year Institution Success					-		10,000,000	10,000,000	20,000,000	
Success Goal at General Academic Institutions					-		2,147,700	2,000,000	4,147,700	
Total Trusted Budget	335,553,061	324,204,924	306,630,368	320,588,543	(32,539,074)	-4.9%	609,512,225	636,421,586	586,175,826	88.8%
								1,245,933,811		
Total Budget	\$ 346,149,605	\$ 334,730,607	\$ 316,504,182	\$ 330,462,355	\$ (33,913,675)	-5.0%	\$ 622,746,226	\$ 648,175,571	\$ 590,041,585	86.7%
		680,880,212		646,966,537				1,270,921,797		

**Texas Higher Education Coordinating Board
All Funds**

2004-2005 Biennium vs 2006-2007 Biennium

	Estimated & Budgeted		Baseline Funding Request		Change in Baseline Request		Total Funding Request		Change in Total Request	
	FY 2004	FY 2005	FY 2006	FY 2007			FY 2006	FY 2007		
Operating Budget										
Close the Gaps										
Promote Participation and Success	\$ 3,612,519	\$ 3,335,145	\$ 3,060,247	\$ 3,060,247	\$ (827,170)	-11.9%	\$ 3,417,832	\$ 3,397,832	\$ (132,000)	-1.9%
Administer Loan Programs & Loan Forgiveness & Loan Repayment Programs	5,146,129	4,721,926	4,934,028	4,934,027	-	0.0%	4,934,028	4,934,027	-	0.0%
Close the Gaps in Excellence	1,793,486	1,739,452	1,644,780	1,644,780	(243,378)	-6.9%	3,829,265	2,329,264	2,625,591	74.3%
Administer Research Programs	363,400	356,958	263,660	263,660	(193,038)	-26.8%	360,179	360,179	-	0.0%
Close the Gaps in Planning & Information	2,078,081	2,179,464	2,003,208	2,003,208	(251,129)	-5.9%	2,410,916	2,391,415	544,786	12.8%
Indirect Strategies										
Central Administration	2,150,840	2,134,032	2,066,217	2,066,216	(152,439)	-3.6%	2,144,923	2,144,921	4,972	0.1%
Information Resources	3,383,991	5,883,839	5,699,624	3,345,399	(222,807)	-2.4%	5,859,440	3,505,214	96,824	1.0%
Other Support Services	1,991,760	1,978,827	1,897,302	1,897,303	(175,982)	-4.4%	2,067,786	2,127,277	224,476	5.7%
Total Operating Budget	20,520,206	22,329,643	21,569,066	19,214,840	(2,065,943)	-4.8%	25,024,369	21,190,129	3,364,649	7.9%
								46,214,498		
Trusteed Budget										
Close the Gaps - Affordability										
Tuition Equalization Grants Program	70,499,779	70,499,496	63,918,334	63,918,333	(13,162,608)	-9.3%	70,499,638	70,499,637	-	0.0%
Texas College Work-Study Program	4,408,605	4,408,587	4,666,881	4,666,881	516,570	5.9%	15,142,780	15,142,780	21,468,368	243.5%
Student Incentive Grants Program	1,429,687	1,429,681	-	-	(2,859,368)	-100.0%	-	-	(2,859,368)	-100.0%
College Readiness Assessment	64,001	64,001	-	-	(128,002)	-100.0%	-	-	(128,002)	-100.0%
License Plate Scholarships	66,000	66,000	62,700	62,700	(6,600)	-5.0%	62,700	62,700	(6,600)	-5.0%
Minority Doctoral Incentive Program	6,348	-	-	-	(6,348)	-100.0%	-	-	(6,348)	-100.0%
State Military Tuition Assistance	997,400	997,396	904,289	904,288	(186,219)	-9.3%	997,399	997,397	-	0.0%
Fifth-Year Accounting Students Scholarship	535,000	535,000	858,250	858,250	646,500	60.4%	858,250	858,250	646,500	60.4%
Early High School Graduation Program	3,650,000	4,300,000	4,300,000	4,300,000	650,000	8.2%	4,300,000	4,300,000	650,000	8.2%
Temporary Assistance to Needy Families	225,000	225,000	225,000	225,000	-	0.0%	225,000	225,000	-	0.0%
Educational Aide Program	8,225,000	6,575,000	3,000,000	3,000,000	(8,800,000)	-59.5%	10,000,000	10,000,000	5,200,000	35.1%
TEXAS Grant	162,164,485	162,144,487	126,320,525	161,052,899	(36,935,548)	-11.4%	126,320,525	161,052,899	(36,935,548)	-11.4%
Teach for Texas Loan Repayment	4,987,000	4,986,980	4,521,443	4,521,443	(931,094)	-9.3%	10,124,385	10,084,383	10,234,788	102.6%
Child Care Worker Loan Repay	-	-	-	-	-	-	-	-	-	-
Border Faculty Loan Repay	218,181	218,180	197,813	197,813	(40,735)	-9.3%	218,181	218,180	-	0.0%
TEXAS Grant II	4,842,377	4,842,358	4,390,321	4,390,322	(904,092)	-9.3%	14,842,368	14,842,367	20,000,000	206.5%
OAG Loan Repayment program	-	-	-	-	-	-	75,000	75,000	150,000	-
B-on-Time Loan Program	-	10,816,682	23,631,212	23,631,212	36,445,742	336.9%	31,031,212	41,531,212	61,745,742	570.8%
Student Financial Aid Programs	-	-	-	-	-	-	123,336,154	198,508,794	321,844,948	-
Doctoral Incentive Program	468,471	493,177	436,491	436,492	(88,665)	-9.2%	481,435	481,434	1,221	0.1%
Close the Gaps - Research										
Advanced Research Program	-	-	-	-	-	-	30,000,000	-	30,000,000	-
Advanced Technology Program	19,434,300	-	17,609,184	-	(1,825,116)	-9.4%	60,000,000	-	40,565,700	208.7%

**Texas Higher Education Coordinating Board
All Funds**

2004-2005 Biennium vs 2006-2007 Biennium

	Estimated & Budgeted		Baseline Funding Request		Change in Baseline Request		Total Funding Request		Change in Total Request	
	FY 2004	FY 2005	FY 2006	FY 2007			FY 2006	FY 2007		
Close the Gaps - Health Programs										
Baylor College of Medicine	35,923,070	35,923,070	32,569,569	32,569,568	(6,707,003)	-9.3%	35,923,071	35,923,069	-	0.0%
Family Practice Residency Program	9,191,761	9,191,724	8,333,672	8,333,672	(1,716,141)	-9.3%	10,532,253	10,532,253	2,681,021	14.6%
Resident Physician Compensation Program			-	-	-		4,035,119	4,035,119	8,070,238	
Preceptorship Programs	498,700	498,698	452,144	452,145	(93,109)	-9.3%	1,000,000	1,000,000	1,002,602	100.5%
Primary Care Residency Programs	2,626,552	2,626,543	2,381,353	2,381,353	(490,389)	-9.3%	3,084,730	3,084,730	916,365	17.4%
Graduate Medical Education	1,914,111	1,914,105	1,735,421	1,735,422	(357,373)	-9.3%	8,000,000	8,000,000	12,171,784	317.9%
Chiropractic Colleges	249,350		-	-	(249,350)	-100.0%	-	-	(249,350)	-100.0%
Joint Admission Medical Program	3,490,900		3,165,017	-	(325,883)	-9.3%	4,000,000	-	509,100	14.6%
Physician's Ed Loan Repayment Program	767,335	767,335	719,546	719,547	(95,577)	-6.2%	767,335	767,335	-	0.0%
Financial Aid for Prof Nursing Students	263,145	263,143	918,565	918,565	1,310,842	249.1%	1,750,002	1,749,998	2,973,712	565.0%
Financial Aid for LVN Students	50,332	50,332	45,633	45,633	(9,398)	-9.3%	50,333	50,331	-	0.0%
Dentist's Education Loan Program	117,441	117,440	106,477	106,477	(21,927)	-9.3%	117,441	117,440	-	0.0%
Nursing Enrollment Growth			-	-	-		11,750,000	11,750,000	23,500,000	
Success Goal for Nursing Graduates			-	-	-		10,000,000	10,000,000	20,000,000	
Graduate Nursing Loan Repayment			-	-	-		700,000	700,000	1,400,000	
Pharmacy Enrollment Growth			-	-	-		945,525	1,748,000	2,693,525	
Close the Gaps - Quality/Participation										
Southern Regional Educational Board			-	-	-		185,000	185,000	370,000	
STARLINK	635,558	635,556	-	-	(1,271,114)	-100.0%	635,558	635,556	-	0.0%
Centers for Teacher Education	3,009,877	3,009,867	2,547,558	2,547,558	(924,628)	-15.4%	3,009,872	3,009,872	-	0.0%
Two-Year Institution Enrollment Growth	4,786,694	5,786,658	4,509,393	4,509,393	(1,554,566)	-14.7%	10,701,861	10,701,860	10,830,369	102.4%
General Academic Enrollment Growth	1,994,800	1,994,792	1,808,577	1,808,577	(372,438)	-9.3%	2,105,204	1,994,796	110,408	2.8%
African American Museum Internship	43,636	43,636	-	-	(87,272)	-100.0%	43,636	43,636	-	0.0%
Technology Workforce Development	1,388,173	4,093,642	3,861,758	3,861,758	2,241,701	40.9%	8,079,316	8,079,316	10,676,817	194.8%
Two-Year Institution Success			-	-	-		10,000,000	10,000,000	20,000,000	
Success Goal at General Academic Institutions			-	-	-		2,147,700	2,000,000	4,147,700	
Perkins Federal Audit Finding			-	-	-		-	-	-	
Federal Grant programs										
Leveraging Educational Assistance Partnership	6,203,617	6,203,617	6,203,617	6,203,617	-	0.0%	6,203,617	6,203,617	-	0.0%
Technical-Vocational Grant Funds	51,244,613	45,744,613	45,792,130	45,792,128	(5,404,968)	-5.6%	45,792,130	45,792,128	(5,404,968)	-5.6%
Teacher Quality Grants	4,280,785	12,175,660	6,252,788	6,252,788	(3,950,869)	-24.0%	6,252,788	6,252,788	(3,950,869)	-24.0%
First-Generation Initiative	1,200,000	2,000,000	1,700,000	1,700,000	200,000	6.3%	1,700,000	1,700,000	200,000	6.3%
Tobacco Funds										
Minority Health Research and Education	1,493,645	1,125,000	1,125,000	1,125,000	(368,645)	-14.1%	1,125,000	1,125,000	(368,645)	-14.1%
Nursing, Allied Health & other HR programs	2,604,511	2,025,000	2,025,000	2,025,000	(579,511)	-12.5%	2,025,000	2,025,000	(579,511)	-12.5%
Baylor College of Medicine Endowment Fund	1,125,000	1,125,000	1,125,000	1,125,000	-	0.0%	1,125,000	1,125,000	-	0.0%
Total Trusted Budget	417,325,240	409,917,456	382,420,661	396,378,834	(48,443,201)	-5.9%	692,302,518	719,211,877	584,271,699	70.6%
								1,411,514,395		
Total Budget	\$ 437,845,446	\$ 432,247,099	\$ 403,989,727	\$ 415,593,674	\$ (50,509,144)	-5.8%	\$ 717,326,887	\$ 740,402,006	\$ 587,636,348	67.5%
		870,092,545		819,583,401				1,457,728,893		

Texas Higher Education Coordinating Board

Exceptional Items in Priority Order

Priority	Description	FY 2006	FY 2007
1	Student Financial Aid Programs	\$ 123,336,154	\$ 198,508,794
2	B-on-Time Loan Program	7,400,000	17,900,000
3	Texas College Work-Study Program	10,000,000	10,000,000
4	TEXAS Grant II	10,000,000	10,000,000
5	Tuition Equalization Grants Program	6,581,304	6,581,304
6	Advanced Technology Program	40,577,700	-
7	Advanced Research Program	30,000,000	-
8	Teach for Texas Loan Repayment	5,137,394	5,097,394
9	Nursing Enrollment Growth	11,750,000	11,750,000
10	Two-Year Institution Enrollment Growth	5,415,184	5,415,184
11	General Academic Enrollment Growth	110,408	-
12	Restore Operating Budget to Base	685,629	685,623
13	Restore Trusteed Funds Budget to Base	6,140,959	4,001,941
14	Promote Participation & Success	150,500	130,500
15	Close the Gaps in Excellence	581,944	581,944
16	Administer Research Programs	78,000	78,000
17	Close the Gaps in Planning and Information	279,122	259,622
18	Information Resource Technology	95,116	95,116
19	Operating and Support	84,992	144,484
20	Southern Regional Educational Board	185,000	185,000
21	Family Practice Residency Program	1,340,510	1,340,511
22	Primary Care Residency Programs	458,182	458,183
23	Graduate Medical Education	6,085,892	6,085,892
24	Preceptorship Programs	501,301	501,301
25	Joint Admission Medical Program	509,100	-
26	Resident Physician Compensation Program	4,035,119	4,035,119
27	Success Goal for Nursing Graduates	10,000,000	10,000,000
28	Success Goal at Two-Year Institutions	10,000,000	10,000,000
29	Success Goal at General Academic Institutions	2,147,700	2,000,000
30	Financial Aid for Prof Nursing Students	736,857	736,855
31	Graduate Nursing Loan Repayment	700,000	700,000
32	Pharmacy Enrollment Growth	945,525	1,748,000
33	Technology Workforce Development	4,217,558	4,217,558
34	Baylor College of Medicine	3,353,502	3,353,501
35	STARLINK	635,558	635,556
36	Centers for Teacher Education	462,314	462,314
37	Educational Aide Program	7,000,000	7,000,000
38	African American Museum Internship	43,636	43,636
39	OAG Loan Repayment program	75,000	75,000
40	Perkins Federal Audit Finding	1,500,000	-
Total		\$ 313,337,160	\$ 324,808,332

638,145,492